GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:483
ANSWERED ON:29.04.2005
GDP TARGET
Yaskhi Shri Madhu Goud

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have set any target of GDP growth for the next three years;

(b) if so, the details thereof;

(c) whether Government`s attention has been drawn to `Asian Development Outlook` released by the Asian Development Bank recently in which the Bank has forecast sharp fluctuation in the GDP growth;

(d) if so, the details thereof and reasons given by ADB alongwith the suggestions given in the outlook; and

(e) the steps taken or likely to be taken by Government to achieve GDP target?

Answer

FINANCE MINISTER (SHRI P.CHIDAMBARAM)

(a) to (e): A Statement is placed on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No.483 by Shri Madhu Goud Yakshi for answer on 29th April, 2005

(a) & (b): Growth targets of Gross Domestic Product (GDP) are not fixed annually. The Tenth Five Year Plan envisages an average annual growth rate of 8 percent during the Tenth Plan period (2002-07).

(c) & (d) Yes Sir. ADB Outlook 2005 has estimated India`s overall real GDP growth rate at 6.5 per cent, 6.9 per cent, 6.1 per cent and 7.0 per cent respectively during 2004-05, 2005-06, 2006-07 and 2007-08 respectively.

The ADB estimates indicate that growth will accelerate to 6.9 per cent in 2005-06, mainly due to agriculture growth of 4.4 per cent, and industry and services growing at 6.7 per cent and 7.7 per cent, respectively. In 2006-07, GDP growth is estimated to slow down to 6.1 per cent due to lower growth of 5.2 per cent and 7.3 per cent in industry and services, respectively. With revival of industry and services, growth has been estimated to increase to 7.0 per cent in 2007-08. The medium-term challenges for the economy indicated in the ADB Outlook include stepping up infrastructure investments, managing burgeoning foreign exchange reserves, and reinforcing the economy`s competitive advantage in textiles and garments in the post-MFA world.